

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2011-65-S - ORDER NO. 2011-320

MAY 13, 2011

IN RE: Joint Application for Approval of the) ORDER APPROVING
Transfer of the Sewer Facilities, Territories,) JOINT APPLICATION
and Certificate of Public Convenience and) AND GRANTING
Necessity of Alpine Utilities, Incorporated) PALMETTO
and Woodland Utilities, Incorporated to) WASTEWATER
Palmetto Wastewater Reclamation, LLC and) RECLAMATION, LLC
the Grant of a Certificate of Authority to) AUTHORITY TO ISSUE
Issue Securities) SECURITIES

This matter comes before the Public Service Commission of South Carolina (“Commission”) on a Joint Application to Transfer the Sewer Facilities, Territories, and Certificate of Public Convenience and Necessity of Alpine Utilities, Inc. (“Alpine”) and Woodland Utilities, Inc. (“Woodland”) to Palmetto Wastewater Reclamation, LLC (“Palmetto”) (collectively the “Parties” or “Joint Applicants”) and for a Certificate of Authority to Issue Securities. The Parties seek approval for this transfer under the authority of 26 S.C. Code Ann. Regs. 103-504 (Supp. 2010). In addition, Palmetto requests a Certificate of Authority to issue securities pursuant to 26 S.C. Code Ann. Regs. 103-506 (Supp. 2010). Notice of this matter was duly published in accordance with the Commission’s regulations.

According to the Joint Application, both Alpine and Woodland are under common control as a result of identical ownership. Alpine is a public utility that operates a sanitary wastewater collection, treatment, and effluent disposal system providing sewer service to the public for compensation in portions of Richland and Lexington Counties.

Alpine serves twelve residential subdivisions, thirty-four multiple dwellings, and a variety of commercial facilities. Its current schedule of rates and charges was approved by Order No. 2008-759 (November 6, 2008) in Docket No. 2008-190-S and Order No. 2009-217 (April 9, 2009) in Docket No. 1988-421-S.

Woodland is a public utility providing sewer service in Lexington County. Woodland serves a portion of the Woodland Hills subdivision, one apartment complex, and one school. Its current schedule of rates and charges was approved by Order No. 2007-473 (August 8, 2007) in Docket No. 2007-61-S.

Palmetto is a limited liability company, duly organized and existing under the laws of the State of Delaware, and is authorized to do business in the State of South Carolina. Ni America Capital Management, LLC ("Ni America"), a Delaware limited liability company, indirectly owns 100% of Palmetto. On a consolidated basis, Ni America operates sewer and water utility systems serving approximately 4,800 customer connections in two states.¹ Additionally, Ni America through its subsidiary Ni South Carolina Utilities, Inc., a South Carolina corporation, owns Palmetto Utilities, Inc. ("PUI"), a jurisdictional public utility providing sewer service in Richland and Kershaw Counties to approximately 15,800 customer connections. Thus, Palmetto is an affiliate entity of PUI.

On February 7, 2011, the Joint Applicants entered into an asset purchase agreement ("Asset Purchase Agreement") whereby Palmetto will acquire the sewer systems, service territories, personal and business property, real property, easements,

¹ Florida and Texas.

governmental authorizations (including the certificates of public convenience and necessity issued to Alpine and Woodland by the Commission), National Pollutant Discharge Elimination System ("NPDES") permits and other permits, and certain other property necessary for the operation of the Alpine and Woodland sewer systems. As part of the consideration for the sale of the assets, the Asset Purchase Agreement provides that Palmetto will issue warrants to Alpine allowing it to acquire membership interests in Palmetto under certain terms and conditions.

In support of the Joint Application, the Parties state that the transfer is in the public interest. The Alpine and Woodland sewer systems have been in place for fifty years and require significant upgrades. The Joint Applicants assert that Palmetto is better financially situated to make the capital investments that are necessary, and these capital improvements will benefit both customers and the public in general. In addition, the Joint Applicants also assert that Palmetto will continue to operate the systems under their current schedule of rates and charges.

The South Carolina Office of Regulatory Staff has reviewed the above-docketed matter and has no objection.

FINDINGS AND CONCLUSIONS:

We find and conclude that:

1. Alpine and Woodland operate a sanitary wastewater collection, treatment, and effluent disposal system in portions of Richland and Lexington Counties.
2. Alpine serves twelve residential subdivisions, thirty-four multiple dwellings, and a variety of commercial facilities.

3. Woodland services a portion of the Woodland Hills subdivision, one apartment complex, and one school.

4. Palmetto will acquire the sewer systems, service territories, and all properties pursuant to the agreement as well as acquire all governmental authorizations, NPDES permits, and any other property necessary to operate the sewer systems.

5. Palmetto plans to begin significant upgrades to the systems.

6. Palmetto will operate the systems pursuant to their current schedule of rates and charges.

7. The transfer as discussed in this Docket meets the requirements of 26 S.C. Code Ann. Regs. 103-504 (Supp. 2010).

8. In conjunction with this transaction Palmetto has requested authority to issue securities.

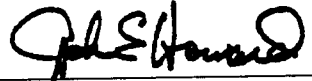
IT IS THEREFORE ORDERED THAT:

1. The Joint Application to Transfer the Sewer Facilities, Territories, and Certificate of Public Convenience and Necessity of Alpine Utilities, Inc. and Woodland Utilities, Inc. to Palmetto Wastewater Reclamation, LLC and for a Certificate of Authority to Issue Securities is approved.

2. The Department of Health and Environmental Control shall be notified in accordance with the requirements of 26 S.C. Code Ann. Regs. 103-504 (Supp. 2010).

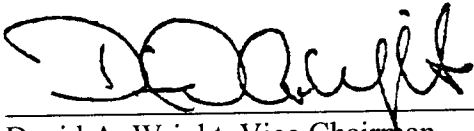
3. This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:



John E. Howard, Chairman

ATTEST:



David A. Wright, Vice Chairman
(SEAL)